

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company d/b/a AmerenUE's Filing to Adjust Rates under its Approved Fuel and Purchased Power Cost Recovery Mechanism Pursuant to 4 CSR 240-20.090(4).	) ) ) )	<b><u>Case No. ER-2011-0018</u></b> Tariff No. YE-2011-0041
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**STAFF’S RESPONSE TO COMMISSION ORDER AND  
CORRECTED RECOMMENDATION TO APPROVE TARIFF SHEET**

Comes now the Staff of the Missouri Public Service Commission and for its response to the Commission’s September 8, 2010 *Order Directing Filing* and its corrected recommendation states:

1. On September 8, 2010, the Commission issued an Order directing Staff to explain the difference between the increase in net fuel cost, after applying the 95% sharing ratio, appearing in Staff’s recommendation and the amount appearing in the prefiled testimony of AmerenUE witness Jeff Dodd. The Commission correctly postulated the difference might be attributable to accrued interest.

2. When interest is included, as it should be, the correct amount of the increase in net fuel cost, after applying the 95% sharing ratio, is \$71,618,461. Attached is a revised Memorandum (Appendix A), which shows the corrections to the Memorandum of the Missouri Public Service Commission Energy Department and Energy Resource Analysis Section that Staff filed August 23, 2010. Staff apologizes for the errors; however, they have no impact on Staff’s August 23, 2010 recommendation that the Commission issue an Order that approves the following proposed tariff sheet, as filed on July 23, 2010, to become effective on September 23, 2010 for billing months beginning October 2010 and thereafter, as requested by AmerenUE:

P.S.C. Mo. No. 1

1<sup>st</sup> Revised Sheet No. 98.14 Canceling Original Sheet No. 98.14.

3. In its September 8, 2010 Order the Commission also directed Staff to explain the difference between what the Staff stated would be the impact on a typical residential customer Fuel and Purchased Power Adjustment and what AmerenUE said it would be. The difference is attributable to Staff basing its calculation on 1,200 kWh of electricity consumption rather than the 1,100 kWh AmerenUE used. In its revised Memorandum Staff has also changed the residential usage basis from 1,200 kWh of electricity consumption to 1,100 kWh, and now its calculated Fuel and Purchased Power Adjustment charge matches that of AmerenUE—\$4.03.

WHEREFORE, Staff continues to recommend that the Commission issue an order that approves the following proposed tariff sheet, as filed on July 23, 2010, to become effective on the requested effective date of September 23, 2010:

P.S.C. Mo. No. 1

1<sup>st</sup> Revised Sheet No. 98.14 Canceling Original Sheet No. 98.14.

Respectfully submitted,

/s/ Nathan Williams

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronically mailed to all counsel of record this 9<sup>th</sup> day of September 2010.

/s/ Nathan Williams

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. ER-2011-0018, Tariff Tracking No. YE-2011-0041  
Union Electric Company d/b/a AmerenUE

FROM: Tom Imhoff, Rate & Tariff Examination Supervisor  
Mack McDuffey, Rate and Tariff Examiner II  
Matthew Barnes, Utility Regulatory Auditor IV

DATE: /s/ John Rogers 08/23/2010                      /s/ Nathan Williams 08/23/2010  
Energy Department / Date                      Staff Counsel Division / Date

SUBJECT: Staff Recommendation For **Approval** Of Tariff Sheet Filed to Change Rates  
Related to AmerenUE's Fuel Adjustment Clause Pursuant to the Commission's  
Report and Order from Case No ER-2010-0036.

DATE: August 23, 2010

On July 23, 2010, Union Electric Company d/b/a AmerenUE (AmerenUE) filed one (1) tariff sheet bearing a proposed effective date of September 23, 2010 to revise its Fuel and Purchased Power Adjustment ("FPA") (Item 14 on Sheet No. 98.14) of its Fuel Adjustment Clause ("FAC") which changes the FPA charge on customer bills. Staff recommends approval of this tariff sheet.

Included in the filing are the proposed tariff sheet, the testimony of AmerenUE witness Jeff L. Dodd and AmerenUE's work papers. The testimony and work papers include information supporting AmerenUE's calculation of the FPA for Accumulation Period 4 - February 1, 2010 through May 31, 2010 (FPA4) which is proposed to collect during Recovery Period 4 95% of the difference between AmerenUE's actual fuel and purchased power cost net of off-system sales and AmerenUE's net base energy cost during Accumulation Period 4, or \$71,225,756, plus interest on the difference accumulated through the end of Accumulation Period 4 of \$392,705 for a total of \$71,618,461 to be recovered in Recovery Period 4. FPA4 will apply during be recovered in Recovery Period 4 which includes the billing months of October 2010 through September 2011. The proposed FPA is the cumulative sum of the FPA factors for Recovery

Period 2—February 2010 through January 2011 (FPA2), Recovery Period 3—June 2010 through May 2011 (FPA3), and for Recovery Period 4—October 2010 through September 2011 (FPA4). See Timeline attached for information on the accumulation periods and recovery periods.

Because of a difference in line losses, there are different FPA rates for service taken at primary, secondary, and large transmission voltages. The Accumulation Periods, Recovery Periods, and other specifications of AmerenUE’s FAC are set out in its tariff sheets designated Sheet Nos. 98.1 through 98.14. Listed below are the proposed FPA and the current FPA together with the differences between them for Primary, Secondary, and Large Transmission service.

Cumulative Fuel and Purchased Power Adjustment Rates – AmerenUE			
Service	Proposed FPA	Current FPA	Difference
Secondary	\$0.00366/kWh	\$0.00138/kWh	\$0.00228/kWh Increase
Primary	\$0.00353/kWh	\$0.00133/kWh	\$0.00220/kWh Increase
Large Transmission	\$0.00341/kWh	\$0.00129/kWh	\$0.00212/kWh Increase

Based on a monthly usage of ~~4,200~~1,100 kWh, the proposed change to the FPA will increase the Fuel and Purchased Power Adjustment of an AmerenUE residential customer’s bill from \$1.66 to ~~\$4.03~~4.39, an increase of ~~\$2.37~~2.73 per month.

Staff reviewed Tariff Sheet No. 98.14, the direct testimony of AmerenUE witness Jeff L. Dodd and work papers in this filing as well as AmerenUE’s monthly information submitted in compliance with 4 CSR 240-3.161(5) for Accumulation Period 4 and verified that the actual fuel and purchased power costs match the fuel and purchased power costs in AmerenUE’s proposed Tariff Sheet No. 98.14 and the supporting schedules of company witness Jeff L. Dodd’s direct testimony. The Staff also reviewed AmerenUE’s monthly reports and verified that the kWh billed shown on the monthly reports match the accumulation period sales used to calculate the FPA rates. The Staff also reviewed AmerenUE’s monthly interest rates that are applied to the over/under base fuel and purchased power costs and verified that the interest rates and calculations of interest amounts are correct for Accumulation Period 4.

In AmerenUE's FAC, there is a factor that is used to reduce actual fuel costs to reflect the value of Taum Sauk. The first revised Tariff Sheet 98.4<sup>1</sup> states the following about the value of the Taum Sauk component:

The Accumulation Period value of Taum Sauk. This factor will be used to reduce actual fuel costs to reflect the value of Taum Sauk, and will be credited in FPA filings (of which there are three each year as shown in the table above), until the next rate case or, if sooner, until Taum Sauk is placed back in service. This value is \$22.7 million annually, one third of which (i.e., \$7.56 million) will be applied to each Accumulation Period.

AmerenUE announced that the in-service date of Taum Sauk is April 15, 2010. The Staff has reviewed operating data AmerenUE supplied to it regarding the operation of Taum Sauk and visited the Taum Sauk plant site most recently on August 20, 2010 to observe its operation. From these activities, the Staff has determined that it can support AmerenUE's in-service date of April 15, 2010. Therefore, the Staff reviewed the Taum Sauk factor that is a component of this FAC filing.

The Staff analyzed the dollar amount for the Taum Sauk factor that AmerenUE proposed in its supporting work papers and determined that AmerenUE incorrectly calculated the amount. AmerenUE should have calculated the Taum Sauk factor on a prorated daily basis for the months of February, March, and for 15 days in April instead of a month-to-month basis. Below is a table that shows the difference between AmerenUE's and the Staff's calculated dollar amounts attributable to the Taum Sauk factor.

Taum Sauk Amount			
Month	AmerenUE	Staff	Difference
February (28 Days)	\$1,890,000	\$1,764,000	\$126,000
March (31 Days)	\$1,890,000	\$1,953,000	(\$63,000)
April (15 Days)	\$945,000	\$945,000	\$0

<sup>1</sup> Tariff Sheet Nos. 98.1 through 98.7 is applicable to service provided prior to June 21, 2010. Accumulation Period 4 is February 1, 2010 through May 31, 2010.

Total	\$4,725,000	\$4,662,000	\$63,000
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The Staff's calculation with the Taum Sauk factor results in a \$63,000 increase in AmerenUE's actual fuel costs. After applying the wholesale allocation factor, the impact of the correction of the Taum Sauk factor is \$59,125. This amount increases the Total Energy Cost factor from AmerenUE's calculation of \$159,987,597 to \$160,046,722. However due to the large amount of estimated kWh that the costs are divided by, the impact of the correction to the Taum Sauk factor does not have any impact on FPA4 or the FPA rate that AmerenUE is proposing on lines 9 and 12 respectively, of Tariff Sheet No. 98.14.

The information filed with the revised tariff sheet and work papers as supplemented by AmerenUE includes sufficient data to calculate the FPA4 based on the actual fuel, purchased power, and emissions costs net of off-system sales and net base fuel costs provided by AmerenUE for Accumulation Period 4.

#### Staff Recommendation

AmerenUE timely filed revised Tariff Sheet No. 98.14, and has complied with the Commission's *Report and Order* in Case No. ER-2010-0036 regarding the FAC, Commission Rule 4 CSR 240-3.161 (Electric Utility Fuel and Purchased Power Cost Recovery Mechanisms Filing and Submission Requirements), and AmerenUE's FAC embodied in its tariff.

Commission Rule 4 CSR 240-20.090(4) provides in part:

[T]he commission shall either issue an interim rate adjustment order approving the tariff schedules and the FAC rate adjustments within sixty (60) days of the electric utility's filing or, if no such order is issued, the tariff schedules and the FAC rate adjustments shall take effect sixty (60) days after the tariff schedules were filed.

AmerenUE has requested that Tariff Sheet No. 98.14, filed July 23, 2010, become effective on September 23, 2010, the beginning of the first billing cycle of AmerenUE's October billing month. Thus, the tariff sheet was filed with 61 days' notice. The Staff, therefore, recommends

the Commission issue an order approving the following proposed tariff sheet, as filed on July 23, 2010, to become effective on September 23, 2010, as requested by AmerenUE:

P.S.C. Mo. No. 1

1<sup>st</sup> Revised Sheet No. 98.14 Canceling Original Sheet No. 98.14.

The Staff has verified that AmerenUE is not delinquent on any assessment and has filed its 2009 Annual Report. AmerenUE is current on its submission of its Surveillance Monitoring reports as required in 4 CSR 240-20.090(10) and its monthly reports as required by 4 CSR 240-3.161(5). The Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.



## AmerenUE Fuel and Purchased Power Adjustment Clause (FAC) Timeline

Periods	
Accumulation ER-2008- 0318	<b>A1</b> (Mar09-May09)~ <b>A2</b> (Jun09-Sep09)~ <b>A3</b> (Oct09-Jan10)~ <b>A4</b> (Feb10-May10)~ <b>A5</b> (Jun10-Sep10)~ <b>A6</b> (Oct10-Jan11)
Recovery	<b>A7</b> (Feb11-May11)~ <b>A8</b> (Jun11-Sep11)~ <b>A9</b> (Oct11-Jan12)~ <b>A10</b> (Feb12-May12)~ <b>A11</b> (Jun12-Sep12)~ <b>A12</b> (Oct12-Jan13)
	<b>R1</b> (Oct09-Sep10) ER-2010-0044 ~ <b>R2</b> (Feb10-Jan11) ER-2010-0165 ~ <b>R3</b> (Jun10-May11) ER-2010-0264
	<b>R4</b> (Oct10-Sep11) ER-2011-0018 ~ <b>R5</b> (Feb11-Jan12) ER-2011-0xxx ~ <b>R6</b> (Jun11-May12) ER-2011-0xxx
	<b>R7</b> (Oct11-Sep12) ER-2012-0xxx ~ <b>R8</b> (Feb12-Jan13) ER-2012-0xxx ~ <b>R9</b> (Jun12-May13) ER-2012-0xxx
	<b>R10</b> (Oct12-Sep13) ER-2013-0xxx ~ <b>R11</b> (Feb13-Jan14) ER-2013-0xxx ~ <b>R12</b> (Jun13-May14) ER-2013-0xxx
True-Up	<b>T1</b> ER-2010-0xxx
Prudence Rev	<b>PR1&amp;2</b> EO-2010-0255

Month #			1	2	3	4	5	6	7	8	9
<b>2009</b>	Jan	Feb	Mar	Apr	May	Jun	Jul	<b>Aug 1 file</b>	Sep	Oct	Nov
Accumulation			A1	A1	A1	A2	A2	A2	A2	A3	A3
Recovery										R1	R1
Prudence Rev			PR1&2	PR1&2	PR1&2	PR1&2	PR1&2	PR1&2	PR1&2		
Month #	11	12	13	14	15	16	17	18	19	20	21
<b>2010</b>	Jan	Feb	Mar	<b>Apr 1 file</b>	<b>May 1 file</b>	Jun	Jul	<b>Aug 1 file</b>	Sep	Oct	Nov
Accumulation	A3	A4	A4	A4	A4	A5	A5	A5	A5	A6	A6
Recovery	R1	R1	R1	R1	R1	R1	R1	R1	R1	R4	R4
Recovery		R2	R2	R2	R2	R2	R2	R2	R2	R2	R2
Recovery						R3	R3	R3	R3	R3	R3
Month #	23	24	25	26	27	28	29	30	31	32	33
<b>2011</b>	Jan	Feb	Mar	<b>Apr 1 file</b>	<b>May 1 file</b>	Jun	Jul	<b>Aug 1 file</b>	Sep	Oct	Nov
Accumulation	A6	A7	A7	A7	A7	A8	A8	A8	A8	A9	A9
Recovery	R4	R4	R4	R4	R4	R4	R4	R4	R4	R7	R7
Recovery	R2	R5	R5	R5	R5	R5	R5	R5	R5	R5	R5
Recovery	R3	R3	R3	R3	R3	R6	R6	R6	R6	R6	R6
Month #	35	36	37	38	39	40	41	42	43	44	45
<b>2012</b>	Jan	Feb	Mar	<b>Apr 1 file</b>	<b>May 1 file</b>	Jun	Jul	<b>Aug 1 file</b>	Sep	Oct	Nov
Accumulation	A9	A10	A10	A10	A10	A11	A11	A11	A11	A12	A12
Recovery	R7	R7	R7	R7	R7	R7	R7	R7	R7	R10	R10
Recovery	R5	R8	R8	R8	R8	R8	R8	R8	R8	R8	R8
Recovery	R6	R6	R6	R6	R6	R9	R9	R9	R9	R9	R9